SENATE BILL No. 410

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-10.2-5.

Synopsis: PERF and TRF cost of living adjustments. Provides for an annual cost of living adjustment for members (and the survivors or beneficiaries of a member) of the public employees' retirement fund (PERF) and the teachers' retirement fund (TRF) equal to the quotient of: (1) the product of the total amount the respective fund paid for benefits provided by employer contributions during the preceding state fiscal year multiplied by the annual percentage change in the Consumer Price Index for All Urban Consumers; divided by (2) the total number of members, survivors, and beneficiaries who received a monthly benefit from the respective fund during the preceding state fiscal year.

Effective: July 1, 2014.

Hume

January 14, 2014, read first time and referred to Committee on Appropriations.



Second Regular Session 118th General Assembly (2014)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in this style type, and deletions will appear in this style type.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in this style type. Also, the word NEW will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in this style type or this style type reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

SENATE BILL No. 410

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

1	SECTION 1. IC 5-10.2-5-44 IS ADDED TO THE INDIANA CODE
2	AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3	1, 2014]: Sec. 44. (a) This section applies in state fiscal years
4	beginning after June 30, 2014, to a member (or the survivor or
5	beneficiary of a member) of the public employees' retirement fund.
6	(b) As used in this section, "CPI-U" refers to the Consumer
7	Price Index for All Urban Consumers, United States City Average,
8	as published by the United States Bureau of Labor Statistics,
9	United States Department of Labor.
10	(c) As used in this section, "fund" refers to the public
11	employees' retirement fund established by IC 5-10.3-2-1.
12	(d) As used in this section, "pension portion" means that portion
13	of the monthly benefit provided by employer contributions and
14	computed under IC 5-10.2-4-4.
15	(e) The pension portion of the monthly benefit payable to a

(e) The pension portion of the monthly benefit payable to a

member (or the survivor or beneficiary of a member) described in



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1	subsection (a) who retired or was disabled before January 1 of the
2	immediately preceding state fiscal year shall be increased each
3	state fiscal year by an amount determined in STEP FIVE of the
4	following formula:
5	STEP ONE: Determine the total amount of payments for the
6	pension portion of the monthly benefit made during the
7	preceding state fiscal year by the fund.
8	STEP TWO: Determine the total number of members
9	survivors, and beneficiaries of the fund who received a
10	monthly benefit from the fund at any time during the
l 1	preceding state fiscal year.
12	STEP THREE: Subtract the CPI-U at the end of the state
13	fiscal year immediately before the preceding state fiscal year
14	from the CPI-U at the end of the preceding state fiscal year
15	and round the remainder to the nearest one-tenth of one
16	percent (0.10%).
17	STEP FOUR: Multiply the STEP ONE result by the STEP
18	THREE result.
19	STEP FIVE: Determine the quotient of:
20	(A) the STEP FOUR result; divided by
21	(B) the STEP TWO result.
22	(f) The increase is:
23	(1) added to the pension portion of the monthly benefit
23 24 25	received by the member (or the survivor or beneficiary of a
25	member) on December 31 of the current state fiscal year; and
26	(2) payable after December 31 each state fiscal year.
27	(g) The pension portion of the monthly benefit may not be
28	reduced if the annual percentage change in the CPI-U is negative
29	as determined in STEP THREE of subsection (e).
30	(h) The increases specified by this section:
31	(1) are based on the date of the member's latest retirement or
32	disability;
33	(2) do not apply to benefits payable in a lump sum; and
34	(3) are in addition to any other increase provided by law.
35	SECTION 2. IC 5-10.2-5-45 IS ADDED TO THE INDIANA CODE
36	AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
37	1, 2014]: Sec. 45. (a) This section applies in state fiscal years
38	beginning after June 30, 2014, to a member (or the survivor or
39	beneficiary of a member) of the Indiana state teachers' retirement
10	fund.

(b) As used in this section, "CPI-U" refers to the Consumer

Price Index for All Urban Consumers, United States City Average,



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2014

1	as published by the United States Bureau of Labor Statistics,
2	United States Department of Labor.
3	(c) As used in this section, "fund" refers to the Indiana state
4	teachers' retirement fund established by IC 5-10.4-2-1.
5	(d) As used in this section, "pension portion" means that portion
6	of the monthly benefit provided by employer contributions and
7	computed under IC 5-10.2-4-4.
8	(e) The pension portion of the monthly benefit payable to a
9	member (or the survivor or beneficiary of a member) described in
10	subsection (a) who retired or was disabled before January 1 of the
11	immediately preceding state fiscal year shall be increased each
12	state fiscal year by an amount determined in STEP FIVE of the
13	following formula:
14	STEP ONE: Determine the total amount of payments for the
15	pension portion of the monthly benefit made during the
16	preceding state fiscal year by the fund.
17	STEP TWO: Determine the total number of members,
18	survivors, and beneficiaries of the fund who received a
19	monthly benefit from the fund at any time during the
20	preceding state fiscal year.
21	STEP THREE: Subtract the CPI-U at the end of the state
22	fiscal year immediately before the preceding state fiscal year
23	from the CPI-U at the end of the preceding state fiscal year,
24	and round the remainder to the nearest one-tenth of one
25	percent (0.10%).
26	STEP FOUR: Multiply the STEP ONE result by the STEP
27	THREE result.
28	STEP FIVE: Determine the quotient of:
29	(A) the STEP FOUR result; divided by
30	(B) the STEP TWO result.
31	(f) The increase is:
32	(1) added to the pension portion of the monthly benefit
33	received by the member (or the survivor or beneficiary of a
34	member) on December 31 of the current state fiscal year; and
35	(2) payable after December 31 each state fiscal year.
36	(g) The pension portion of the monthly benefit may not be
37	reduced if the annual percentage change in the CPI-U is negative
38	as determined in STEP THREE of subsection (e).
39	(h) The increases specified by this section:
40	(1) are based on the date of the member's latest retirement or
41	disability;
42	(2) do not apply to benefits payable in a lump sum; and



1 (3) are in addition to any other increase provided by law.

